



**United States Department of Agriculture**

Farm and Foreign Agricultural Services  
Risk Management Agency

February 20, 2001

**INFORMATIONAL MEMORANDUM**

**TO:** All Reinsured Companies  
All Risk Management Agency Field Offices  
All Other Interested Parties

**FROM:** E. Heyward Baker    **E. Heyward Baker**  
Director

**SUBJECT:** Reinsured Companies Training Requirements Regarding  
the Application of Yield Variance Guidelines

The Office of Inspector General (OIG) recently conducted an audit of crop insurance claims in Virginia and subsequently issued the audit report. The audit revealed that reinsured companies were not properly administering FCIC procedures with regard to yield variance guidelines to establish the APH average yield for perennial crops.

In response to this finding OIG recommended that the Risk Management Agency (RMA) ensure that all reinsured companies providing insurance on applicable crops are adequately trained regarding the application of yield variance guidelines.

The Guidelines and Expectations for Delivery of the Federal Crop Insurance Program, FCIC-14010, (Manual 14) Section 6(A)(1) requires insurance providers to: "Identify training needs and provide necessary training of the employees, sales agents, and loss adjusters to assure that FCIC approved procedures and contract provisions are followed."

The Crop Insurance Handbook, FCIC 18010, Sections 7F(2 and 3) provide authorization for the RMA Regional Offices to issue regional guidelines regarding yield variances. RMA is requesting that all insurance providers include the yield variance guidelines for their respective regions in their training curriculum for sales agents, loss adjusters, and other company personnel. For insurance providers that may have already conducted their 2001 spring update training sessions please ensure that the guidelines are distributed to the appropriate parties.

If you have any questions please feel free to contact your Account Executive.



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The Risk Management Agency Administers and Oversees  
All Programs Authorized Under the Federal Crop Insurance Corporation

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